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and through collaboration with
community and university partners.*



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October 21, 2014

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

**APPROVAL TO SIGN PROVIDER PARTICIPATION AGREEMENTS WITH
THE CALIFORNIA DEPARTMENT OF HEALTH CARE SERVICES FOR THE
MEDI-CAL CONSTRUCTION RENOVATION REIMBURSEMENT PROGRAM
ON BEHALF OF THREE FACILITIES IN THE DEPARTMENT OF HEALTH
SERVICES
(FIRST, SECOND AND FOURTH SUPERVISORIAL DISTRICTS)
(3 VOTES)**

SUBJECT

Request approval to sign Provider Participation Agreements with the California Department of Health Care Services to allow the continued receipt of supplemental reimbursement under the Medi-Cal Construction Renovation Reimbursement Program for three (3) facilities in the Department of Health Services.

IT IS RECOMMENDED THAT THE BOARD:

1. Authorize the Director of Health Services (Director), or his designee, to sign three (3) Provider Participation Agreements (PPA) with the California Department of Health Care Services (CDHCS) relating to Harbor-UCLA Medical Center (H-UCLA MC), LAC+USC Medical Center (LAC+USC MC) and Rancho Los Amigos National Rehabilitation Center (RLANRC) for the Medi-Cal Construction Renovation Reimbursement Program (CRRP) with a term commencing July 1, 2013 and continuing until the PPA is terminated.
2. Delegate authority to the Director, or his designee, to sign amendments to the aforementioned PPAs for any of the following reasons: a) to add or delete renovation projects within any of the three (3) facilities, and b) to revise, delete

ADOPTED

BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

20 of October 21, 2014

Sachi A. Hamai
SACHI A. HAMAI
EXECUTIVE OFFICER

or incorporate provisions consistent with applicable federal and/or State laws and regulations, subject to review and approval by County Counsel.

3. Delegate authority to the Director, or his designee, to sign future PPAs with CDHS to allow any other DHS facility to receive funds under the CRRP, which have substantially similar terms and conditions, including any terms and conditions that may have been added pursuant to the delegated authority in the second recommendation, and to execute amendments to such agreements a) to add or delete renovation projects, and b) to revise, delete or incorporate provisions consistent with applicable federal and/or State laws and regulations, subject to review and approval by County Counsel, and with notification to the Board and the Chief Executive Office (CEO).

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

Background

The CRRP was established January 1, 1989 as part of the Medi-Cal's Selective Provider Contracting Program (SPCP) and provides reimbursement for certain capital projects to hospitals that were participants in the Medi-Cal inpatient contracting program. The participating hospitals receive reimbursement for a portion of the capital project's debt service based on the State's Medi-Cal utilization rate effective in the calendar year when the debt service was paid. The CRRP payments for each existing qualified DHS project started when the project was completed and a certificate of occupancy was issued.

The SPCP program ended June 30, 2013, due to Medi-Cal's implementation of the Diagnosis Related Groups payment system. To address the situation of participating hospitals which have continuing debt services requirements for qualified projects, the State sought permission from the Centers for Medicare and Medicaid Services (CMS) to provide supplemental CRRP reimbursement payments independently of the SPCP program. On December 11, 2013, CMS granted approval for CRRP's continuance, effective July 1, 2013.

Recommendation

Approval of the first recommendation will enable the Director, or his designee, to sign the PPAs, substantially similar to Exhibits I-III, for the affected DHS facilities. The second recommendation delegates authority to the Director, or his designee, to sign amendments to the PPAs to add or delete renovation projects within any of the three (3) facilities or to revise or incorporate revisions in accord with applicable federal and/or State laws and regulations, subject to review and approval by County Counsel. DHS is hopeful that the new Surgery/Emergency Department project at H-UCLA MC will be considered eligible and therefore added to H-UCLA MC's PPA. The third recommendation delegates authority to the Director, or his designee, to sign future PPAs related to additional facilities with CDHCS on condition that such PPAs are substantially similar to the PPAs recommended in this letter.

Implementation of Strategic Plan Goals

The recommended actions support Goal 3, Integrated Services Delivery, of the County's Strategic Plan.

FISCAL IMPACT/FINANCING

There is no cost associated with the PPAs. DHS is expected to receive CRRP revenue in the amount of \$4,852,911 for FY 2013-14 which was recognized in DHS' FY 2013-14 closing estimate, \$4,444,235 for FY 2014-15 which is included in DHS' FY 2014-15 Final Budget, and \$3,776,460 for FY 2015-16. Attachment A provides additional details.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

To be eligible for supplemental Medi-Cal payments under CRRP, the projects must be either new construction or renovation of disproportionate share hospitals, be funded through new revenue bonds, and meet certain filing requirements.

The CRRP provides reimbursement payments totaling \$92.0 million annually statewide (\$46.0 million by State funds and \$46.0 million by Federal funds) to eighteen (18) participating hospitals.

DHS currently has three (3) facilities which are entitled to continued CRRP payment. They are H-UCLA MC, LAC+USC MC, and RLANRC.

To receive the CRRP supplemental payments, DHS has to have a contract with CDHCS. DHS has been supplied with PPAs by CDHCS to allow continued participation in the CRRP. The County must utilize CDHCS' agreements; therefore, the County's standard terms and conditions are not included. Generally, the PPAs are to remain in effect until the debt service ends. However, loss of Medi-Cal certification by the hospital, loss of federal or state authority for the program, or the failure of the Legislature to appropriate funds will also end the Agreement.

County Counsel has approved Exhibits I-III as to form.

CONTRACTING PROCESS

Since the County must utilize the CDHCS PPAs to continue receiving reimbursement under the CRRP, the County's contracting process is not applicable.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

Approval of the recommended actions will enable DHS to continue receiving reimbursement under the CRRP.

The Honorable Board of Supervisors

10/21/2014

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Respectfully submitted,

A handwritten signature in black ink, appearing to read "Mitchell Katz". The signature is written in a cursive, flowing style.

Mitchell H. Katz, M.D.

Director

MHK:rf

Enclosures

c: Chief Executive Office
County Counsel
Executive Office, Board of Supervisors

ATTACHMENT A

**COUNTY OF LOS ANGELES - DEPARTMENT OF HEALTH SERVICES
MEDI-CAL CONSTRUCTION RENOVATION REIMBURSEMENT PROGRAM (CRRP)
ESTIMATED REVENUE
FY 2013-14 THROUGH FY 2015-16**

	FY 2013-14	FY 2014-15	FY 2015-16
<u>LAC+USC MC</u>			
Marengo Parking Structure	\$ 1,158,773	\$ 1,145,382	\$ 1,130,649
<u>H-UCLA MC</u>			
PCDC	\$ 628,687	\$ 620,584	\$ 0
<u>RLANRC</u>			
150 Bed Inpatient	\$ 2,036,211	\$ 2,014,176	\$ 1,989,648
Parking Structure	672,164	664,093	656,163
Infrastructure/Master Site Utility A	357,075	0	0
	<u>\$ 3,065,451</u>	<u>\$ 2,678,268</u>	<u>\$ 2,645,810</u>
DHS TOTAL	\$ 4,852,911	\$ 4,444,235	\$ 3,776,460

NOTES:

Projects financed through 2005 Master Refunding Project.

- Debt service for RLANRC Infrastructure/Master Site ends 6/30/14.
- Debt service H-UCLA MC Primary Care/Diagnostic Center ends 6/30/15.
- For all other projects debt service will end 6/30/16.

**MEDI-CAL CONSTRUCTION RENOVATION REIMBURSEMENT PROGRAM (CRRP)
SUPPLEMENTAL REIMBURSEMENT PROGRAM
PROVIDER PARTICIPATION AGREEMENT**

Name of Provider: Harbor / UCLA Medical Center

Provider # 1497778401

ARTICLE 1 – STATEMENT OF INTENT

The purpose of this Agreement is to allow continued participation in the Construction Renovation Reimbursement Program (CRRP) by the provider, named above and hereinafter referred to as Provider, subject to Provider's compliance with the responsibilities set forth in this Agreement with the California Department of Health Care Services, hereinafter referred to as the State or Department, as authorized in State law pursuant to sections 14085.5 through 14085.56 and Section 14165 of the California Welfare and Institutions Code.

ARTICLE 2 – DEFINITIONS

For purposes of this Agreement, the following definitions shall apply:

- A. "Project" means, collectively, the capital expenditures composed of the following components:
 - 1) The "Harbor / UCLA Medical Center, Primary Care and Diagnostic Center Project", as described in detail in documents dated May 7, 1991 and in the State Department of Health Care Services response dated August 16, 1991.
- B. "Debt service" means the payment of matured interest and principal, or the outlay needed, supplied, or accrued for meeting such payments during any given accounting period.
- C. "Revenue bond" as defined in Government Code section 15459, subdivision (b) means any bonds, warrants, notes, leases or installment sale obligations evidenced by certificates of participation, or other evidence of indebtedness issued by a local agency payable from funds other than the proceeds of ad valorem taxes or the proceeds of assessments levied without limitation as to rate or amount by the local agency upon property in the local agency.
- D. "Supplemental reimbursement" means the Medi-Cal supplemental payments for debt service expenses under the CRRP, as described and provided for pursuant to Supplement 3 to Attachment 4.19-A of the Medi-Cal State Plan (added by TN 13-011).
- E. The term "days" as used in this Agreement shall mean calendar days unless specified otherwise.

ARTICLE 3 – TERM OF AGREEMENT

- A. This Agreement begins on July 1, 2013, and stays in effect until this Agreement is terminated; Department's payment reimbursement obligations are fulfilled; Provider ceases to be a Medi-Cal Certified provider; or the CRRP ends pursuant to the repeal of State or federal statutory authority to make payments or claim federal reimbursement.
- B. Failure by Provider to comply with Provider's responsibilities under Article 4 shall constitute a material breach of this Agreement, which may result in termination of the Agreement by Provider pursuant to Article 16 - Termination Clause. To terminate this Agreement, the Department shall provide written notice, specifying the breach or deficiency with sufficient information to allow Provider to identify the actions necessary to cure such breach. The parties shall mutually agree upon a reasonable amount of time to cure and shall establish a termination date, which shall not exceed 90 days from the written notice date. Provider may prevent the termination of this Agreement pursuant to this Paragraph by curing any material breach prior to termination of this Agreement.

ARTICLE 4 – CRRP PROVIDER RESPONSIBILITIES

By entering into this Agreement, the Provider agrees and/or makes assurance that:

- A. Final plans for the Project have been submitted by the Provider to the Office of Statewide Health Planning and Development and the Office of State Architect between July 1, 1989, and June 30, 1994, or as otherwise permitted by Welfare and Institutions Code sections 14085.5 through 14085.56.
- B. The Project has been funded through the issuance or reissuance of a revenue bond.
- C. The Project, or portions thereof, constructed or improved with the CRRP funds provided hereunder is available to Medi-Cal beneficiaries to the extent required by Welfare and Institutions Code section 14085.5, subdivision (b), paragraph (3).
- D. The Project, or portions thereof, receiving partial financing under Welfare and Institutions Code section 14085.5 did upon its completion, upgrade or expand the Provider's buildings or fixed equipment to a level required by then-currently accepted medical practice standards, including but not limited to Joint Commission on Accreditation of Healthcare Organizations, fire and life safety, seismic, or other related regulatory standards, or expanded service capacity to maintain then-current or reasonably foreseeable needed bed capacity for Medi-Cal beneficiaries.
- E. It will comply, to the extent applicable to the subject matter and terms of this Agreement, with Title XIX of the Social Security Act, as periodically amended; Titles 42 and 45 of the Code of Federal Regulations (CFR), as periodically amended; the California Medicaid State Plan, as periodically amended; Chapter 7 (commencing

with Section 14000) of the California Welfare and Institutions (W&I) Code, as periodically amended; Division 3 of Title 22 of the California Code of Regulations (CCR) (commencing with Section 50000), as periodically amended; State issued policy directives, including Policy and Procedure Letters, as periodically amended; and federal Office of Management and Budget (OMB) Circular A-87, as periodically amended

F. It will comply with the following Debt Service Expense Allowability and Fiscal Documentation requirements:

- 1) For any fiscal year for which Provider is eligible to receive reimbursement, Provider shall report to the Department on a semi-annual basis the amount of debt service on the revenue bonds issued to finance the Project.
- 2) A Provider claim form that is timely submitted for payment or accepted by the State shall not be deemed evidence of allowable Agreement payments.
- 3) Provider shall maintain for review or audit, and supply to the State upon request, auditable documentation of all debt service amounts claimed pursuant to this Agreement to permit a determination of supplemental reimbursement.
- 4) If the allowability or appropriateness of a supplemental reimbursement under this Agreement cannot be determined by the State because applicable invoice detail, fiscal records, or backup documentation is nonexistent or inadequate, payment may be withheld by the State. Upon receipt of adequate supporting documentation supporting the validity of the claimed debt service expense, the withheld supplemental reimbursements will be paid.

G. It will retain all necessary records pertaining to the bond for the life of the bond plus three (3) years thereafter. If a CRRP audit is in progress, all records relevant to the audit shall be retained until the completion of the audit or the final resolution of all audit exceptions, deferrals, and/or disallowances. The Provider shall furnish said records and any other relevant information, upon request, to the State and to the federal government.

H. It will be responsible for the acts or omissions of its employees and/or subcontractors, to the extent such are relevant to performance under this Agreement.

ARTICLE 5 – STATE RESPONSIBILITIES

By entering into this Agreement, the State agrees and/or makes assurance that:

- A. In reliance upon the Provider's assurance, and where the Project (or portion thereof) meets all of the conditions set forth in Welfare and Institutions Code sections 14085.5 through 14085.56, as applicable, and California Code of Regulations, title

22, section 57030, and where the Provider has obtained a certificate of occupancy or similar document(s) from the appropriate regulatory agency permitting the Provider to render patient care or related services by means of the Project, the State will make payments of the supplemental reimbursement in the amounts and in the manner described below.

- B. For any year for which the Provider is eligible to receive reimbursement, the State shall reimburse to the Provider the product of the following figures:
- 1) The total amount of Debt service on any revenue bonds issued, or subsequently refinanced, which continue to meet CRRP requirements, to finance the eligible Project; and,
 - 2) The CRRP Medicaid utilization rate (MUR). The CRRP MUR is determined by first calculating the ratio of Provider's total paid acute Medi-Cal patient days to total patient days, which is determined by the data used in Section 4112 of the Omnibus Budget Reconciliation Act of 1987, consistent with Welfare and Institutions Code section 14085.5, subdivision (c), paragraph (2). This data is further refined by extracting mental health and administrative days, resulting in the CRRP MUR.
- C. In no instance (where Provider is otherwise eligible), will the percentage figure determined pursuant to the ratio derived under subparagraph 2) of paragraph B. above be decreased prior to retirement of the debt by more than 10 percent of the accurate initial ratio derived under subparagraph 2) of paragraph B, except that if such percentage figure falls below 90 percent of the accurate initial percentage established at the point of final plan submission, the Provider shall at least maintain the volume of Medi-Cal days that were recorded in the calendar year during which the Provider submitted final plans for the Project to the applicable regulatory agency unless forces beyond Provider's control have decreased the total volume of days of care being provided.
- D. In no instance will the total reimbursement received hereby, when combined with all other reimbursement dedicated exclusively to debt service for the Project, exceed 100 percent of the debt service over the life of the debt.
- E. The State assures that it will not limit or alter the rights of the Provider to receive the supplemental reimbursement described herein until the revenue bond or bonds are fully paid or until the supplemental reimbursement is no longer required by law.
- F. The date final plans for the respective components of the eligible project were submitted to the Office of Statewide Health Planning and Development, and the Provider's Medi-Cal initial ratio at the date of final plan submission, are as follows:

- 1) For the component described in subparagraph 1) of paragraph A of Article 2, the date final plans were submitted was November 13, 1990, and the Medi-Cal initial ratio is 51.88 percent.
- G. The supplemental reimbursement under this Agreement shall be payable in addition to any other amounts paid or payable to the Provider for Medi-Cal services. The total amount of supplemental reimbursement under this Agreement will be paid to the Provider in the following manner.
- 1) Supplemental reimbursement payments shall commence no later than 30 days after the Department receives a certificate of occupancy or similar document from the Provider.
 - 2) The State will disburse the supplemental reimbursement to the Provider no sooner than fifteen (15) days prior to the date a debt service payment is due to the bondholders. The State shall use its best efforts to disburse the supplemental reimbursement no later than the date such debt service payment is due to the bondholders.
 - 3) Annually, the State will adjust the interim reimbursement amounts as Medi-Cal final utilization rate data become available to reflect the changing Medi-Cal utilization rate.
 - 4) Where the Provider contracts with a county organized health system or other Medi-Cal managed care health plan, the State will make the supplemental reimbursement payments directly to the Provider.
 - 5) The State will continue making the supplemental reimbursement in the amount calculated and in the manner described above until the qualifying debt is paid off. The parties recognize that continuing payments are to be made under any successor system, pursuant to Welfare and Institutions Code section 14085.5, subdivision (e).
 - 6) Absent any material breach by the Provider, the State will not terminate the Agreement solely for the purpose of terminating the supplemental reimbursement to be paid pursuant to this Agreement hereto.
 - 7) In the event any portion of debt service is attributable to Project costs that are determined not to be allowable under Title XIX of the federal Social Security Act, the federal portion only of such costs may be excluded from the supplemental reimbursement that the State is obligated to pay to the Provider hereunder.
 - 8) Welfare and Institutions Code section 14085.5, subdivision (c), paragraphs (1) to (4), are hereby incorporated by reference into this Agreement, as may be modified pursuant to Welfare and Institutions Code section 14085.5, subdivision (e). Should any provision of this Agreement be inconsistent with the provisions

that are incorporated by reference pursuant to this paragraph, the statutory provisions that are incorporated by reference shall control.

- H. The State will lead the administration of the CRRP and ensure compliance with the provisions set forth in the California Medicaid State Plan.
- I. The State will submit claims for federal financial participation (FFP) for the CRRP payments under this Agreement to the extent they are allowable expenditures under federal law.
- J. On an annual basis, the State will submit any necessary materials to the federal government to provide assurances that its claims for FFP for the CRRP payments will include only those expenditures for supplemental reimbursement that are allowable under federal law.
- K. The State will reconcile Provider interim supplemental reimbursement payments with the final amount determined to be due to the Provider, subject to the final reconciliation performed upon retirement of the bond. Provider overpayments and underpayments resulting from the reconciliation may be applied as an offset or increase to the next claim payment.
- L. The State will conduct an on-site audit periodically and when the Provider's bond is paid in full and perform the settlement process as necessary.
- M. The State will ensure that an appropriate audit trail exists within Provider records and accounting system and maintain debt service expenditure, Medi-Cal services, and other relevant data as indicated in this Agreement.
- N. The State will designate a person to act as liaison with Provider in regard to issues concerning this Agreement. This person shall be identified to Provider's contact person for this Agreement.
- O. The State will provide a written response by email or mail to Provider's contact person within thirty (30) days of receiving a written request for information related to the CRRP.

ARTICLE 6 –PROJECT REPRESENTATIVES

- A. The project representatives during the term of this Agreement will be:

Department of Health Care Services Safety Net Financing Division Medi-Cal Supplemental Payments Section Telephone: (916) 552-9113 Fax: (916) 552-8651 Email: CRRP@dhcs.ca.gov	Provider: Harbor / UCLA Medical Center Name: Thomas Jewik, Chief Telephone: (213) 240-8151 Fax: Email: TJewik@dhs.lacounty.gov
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B. Direct all inquiries to:

Department of Health Care Services Attention: Safety Net Financing Division CRRP Supplemental Reimbursement Program Address: 1501 Capitol Avenue, MS 4504 P.O. Box 997436 Sacramento, CA 95899-7436 Telephone: (916) 552-9113 Fax: (916) 552-8651 Email: CRRP@dhs.ca.gov	Provider: Harbor / UCLA Medical Center Telephone: (213) 240-8151 Fax: Email: TJewlik@dhs.lacounty.gov
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- C. Either party may make changes to the information above by giving written notice to the other party. Said changes shall not require an amendment to this Agreement.

ARTICLE 7 – GENERAL PROVISIONS

- A. The total Medi-Cal reimbursement payments provided to eligible CRRP providers will not exceed applicable federal upper payment limit as described in 42 C.F.R. 447- Payments for Services.
- B. No covenant, condition, duty, obligation, or undertaking made a part of this Agreement shall be waived except by amendment of the Agreement by the parties hereto, and forbearance or indulgence in any other form or manner by either party in any regard whatsoever shall not constitute a waiver of the covenant, condition, duty, obligation, or undertaking to be kept, performed, or discharged by the party to which the same may apply; and, until performance or satisfaction of all covenants, duties, obligations, or undertakings is complete, the other party shall have the right to invoke any remedy available under this Agreement, or under law, notwithstanding such forbearance or indulgence.
- C. None of the provisions of this Agreement are or shall be construed as for the benefit of, or enforceable by, any person not a party to this Agreement.
- D. This Agreement shall not alter or amend any of the pledges made by the State pursuant to Welfare and Institutions Code section 14085.5, subdivision (b), paragraph (5).
- F. None of the provisions of this Agreement are or shall be construed in conflict with the provisions of Welfare and Institutions Code sections 14085.5 – 14085.56.

ARTICLE 8 – AMENDMENT PROCESS

Should either party, during the term of this Agreement, desire a change or amendment to the terms of this Agreement, such changes or amendments shall be proposed in writing to the other party, who will respond in writing as to whether the proposed amendments are accepted or rejected. If accepted and after negotiations are concluded, the agreed upon changes shall be made through a process that is mutually

agreeable to both the State and the Provider. No amendment will be considered binding on either party until it is approved in writing by both parties. Replacing the Project Representative does not require an amendment to this agreement and may be updated with written notice sent to the other party. Written notice may include email.

ARTICLE 9 – AVOIDANCE OF CONFLICTS OF INTEREST BY THE PROVIDER

Provider is subject to the Medi-Cal Conflict of Interest Law, as applicable and set forth in Welfare and Institutions Code section 14022 and Article 1.1 (commencing with section 14030), and implemented pursuant to California Code of Regulations, title 22, section 51466.

ARTICLE 10 – FISCAL PROVISIONS

Supplemental reimbursement under this Agreement shall be made in the following manner:

- A. Upon the Provider's compliance with all applicable provisions pursuant to Welfare and Institutions Code sections 14085.5 through 14085.56 and this Agreement, and upon Provider's timely submission of a claim based on valid and substantiated information, the State agrees to process the claim for supplemental reimbursement.
- B. Provider's claim, or any portion thereof, otherwise eligible for payment that is submitted more than 18 months after the claim becomes eligible for payment shall not be considered timely submitted to the Department and will not be processed for payment.

ARTICLE 11 – RECOVERY OF OVERPAYMENTS

- A. Provider agrees that when it is established upon audit that an overpayment has been made, the Department shall recover such overpayment in accordance with California Code of Regulations, title 22, section 51047.
- B. Annual interim payment reconciliations performed by the Department may result in a finding that an overpayment was made to the Provider. The Department reserves the right to select the method to be employed for the recovery of such overpayment.

ARTICLE 12 – DISPUTES

- A. An informal dispute resolution process shall be undertaken prior to the dispute resolution processes undertaken pursuant to Paragraphs B and C below. In the informal dispute resolution process the Provider shall first address the issue to the Department staff and if not resolved then the Provider shall address the issue to the Department in a written letter. If unresolved then the dispute resolution processes in Paragraphs B and C may be undertaken as appropriate.

- B. Judicial review pursuant to section 1085 of the Code of Civil Procedure shall be available to resolve disputes relating to the terms, performance, or termination of this Agreement, or any act, failure to act, conduct, order, or decision of the Department that violate this Agreement or the provisions of Welfare and Institutions Code sections 14085.5 – 14085.56. Venue for judicial review shall lie only in counties in which the California Attorney General maintains an office.
- C. Paragraph B, above shall not apply to recoupment efforts based on an audit or review of Provider's performance of the terms and conditions in CRRP under this Agreement. These recoupment efforts shall be reviewable pursuant to Welfare and Institutions Code section 14171.
- D. Subject to Paragraph A, nothing in this Agreement shall prevent Provider from pursuing any other administrative and judicial review available to it under law.

ARTICLE 13 – BUDGET CONTINGENCY CLAUSE

- A. It is mutually agreed that if the State Budget Act of the current year and/or any subsequent years covered under this Agreement does not appropriate any funds for CRRP, this Agreement shall be terminated effective July 1 of that fiscal year. After termination, the State shall have no liability to pay any funds whatsoever to Provider for liabilities arising after termination or to furnish any other considerations under this Agreement and Provider shall not be obligated to perform any provisions of this Agreement. Notwithstanding the forgoing, both parties agree that all obligations related to fiscal years prior to the termination shall survive the termination.
- B. If funding for any state fiscal year is reduced by the State Budget Act for purposes of CRRP, the State shall have the option to either cancel this Agreement, with no liability occurring to the State after the effective date of the termination, or offer an agreement amendment to Provider to reflect the reduced amount.
- C. The State shall comply with Welfare and Institutions Code section 14085.5, subdivision (c), paragraph (5).

ARTICLE 14 – LIMITATION OF STATE LIABILITY

- A. Notwithstanding any other provision of this Agreement, the State shall be held harmless from any federal audit disallowance and interest resulting from payments made by the federal Medicaid program for claims pursuant to Welfare and Institutions Code sections 14085.5 through 14085.56, for the disallowed claim, less the amounts already remitted to or recovered by the State for the disallowed claim.

- B. To the extent that a federal audit disallowance and interest results from a claim or claims for which the Provider has received payment, the State shall recoup from the Provider, upon written notice, amounts equal to the amount of the disallowance and interest in that fiscal year for the disallowed claim. All subsequent claims submitted to the State applicable to any previously disallowed claim, may be held in abeyance, with no payment made, until the federal disallowance issue is resolved.
- C. Nothing in this Article is or shall be construed to conflict with the State's payment obligations set forth in Welfare and Institutions Code section 14085.5, subdivision (c), paragraph (6), subparagraph (B).

Article 15 – CONFORMANCE CLAUSE

This agreement is entered into in accordance with Welfare and Institutions Code sections 14085.5 to 14085.56. Any provision of this agreement in conflict with the present or future governing authorities of the Welfare and Institutions Code or other applicable State or federal law and regulations, including but not limited to Title XIX of the Social Security Act, California's Medicaid State Plan and implementation directives promulgated by the Centers for Medicare & Medicaid Services, is hereby amended to conform to those authorities. Such amended provisions supersede any conflicting provision in this contract.

Article 16 – TERMINATION CLAUSE

This Agreement may be terminated by any party upon written notice given at least thirty (30) calendar days prior to the termination date. Notice shall be addressed to the respective parties as identified in Article 6 of this Agreement. Termination shall be made in compliance with the obligations contained within Welfare and Institutions Code sections 14085.5 to 14085.56.

Article 17 – CONTROLLING LAW

The validity of this Agreement and its terms or provisions, as well as the rights and duties of the parties hereunder, the interpretation and performance of this Agreement shall be governed by the laws of the State of California.

Article 18 – INTEGRATION CLAUSE

This Agreement shall constitute the entire agreement among the parties to it regarding supplemental reimbursement for the Project for the term commencing July 1, 2013, and supersedes any prior or contemporaneous understanding or agreement pertaining to such matters, and may be amended only by a written amendment executed by both parties to this Agreement. Any condition, provision, agreement or understanding not stated in this Agreement shall not affect any rights, duties, or privileges in connection with this Agreement.

ARTICLE 19 – AGREEMENT EXECUTION

The undersigned hereby warrants that s/he has the requisite authority to enter into this Agreement on behalf of Harbor / UCLA Medical Center and thereby bind the above named provider to the terms and conditions of the same

Provider Authorized Representative's Signature

Print Name

Title

Address

Date

Department of Health Care Services
Authorized Representative's Signature

Stacy Fox
Print Name

Chief, Medi-Cal Supplemental Payments Section
Title

Department of Health Care Services
Name of Department

1501 Capitol Ave., MS 4504
Sacramento, CA 95899
Address

Date

**MEDI-CAL CONSTRUCTION RENOVATION REIMBURSEMENT PROGRAM (CRRP)
SUPPLEMENTAL REIMBURSEMENT PROGRAM
PROVIDER PARTICIPATION AGREEMENT**

Name of Provider: Los Angeles County / University of Southern California (LAC/USC)
Medical Center

Provider # 1285647933

ARTICLE 1 – STATEMENT OF INTENT

The purpose of this Agreement is to allow continued participation in the Construction Renovation Reimbursement Program (CRRP) by the provider, named above and hereinafter referred to as Provider, subject to Provider's compliance with the responsibilities set forth in this Agreement with the California Department of Health Care Services, hereinafter referred to as the State or Department, as authorized in State law pursuant to sections 14085.5 through 14085.56 and Section 14165 of the California Welfare and Institutions Code.

ARTICLE 2 – DEFINITIONS

For purposes of this Agreement, the following definitions shall apply:

- A. "Project" means, collectively, the capital expenditures composed of the following components:
 - 1) The "LAC+USC Marengo Parking Structure Projects", as described in detail in documents dated February 25, 1998, and in the State Department of Health Care Services response dated August 27, 1998.
- B. "Debt service" means the payment of matured interest and principal, or the outlay needed, supplied, or accrued for meeting such payments during any given accounting period.
- C. "Revenue bond" as defined in Government Code section 15459, subdivision (b) means any bonds, warrants, notes, leases or installment sale obligations evidenced by certificates of participation, or other evidence of indebtedness issued by a local agency payable from funds other than the proceeds of ad valorem taxes or the proceeds of assessments levied without limitation as to rate or amount by the local agency upon property in the local agency
- D. "Supplemental reimbursement" means the Medi-Cal supplemental payments for debt service expenses under the CRRP, as described and provided for pursuant to Supplement 3 to Attachment 4 19-A of the Medi-Cal State Plan (added by TN 13-011).

- E. The term "days" as used in this Agreement shall mean calendar days unless specified otherwise.

ARTICLE 3 – TERM OF AGREEMENT

- A. This Agreement begins on July 1, 2013, and stays in effect until this Agreement is terminated; Department's payment reimbursement obligations are fulfilled; Provider ceases to be a Medi-Cal Certified provider; or the CRRP ends pursuant to the repeal of State or federal statutory authority to make payments or claim federal reimbursement.
- B. Failure by Provider to comply with Provider's responsibilities under Article 4 shall constitute a material breach of this Agreement, which may result in termination of the Agreement by Provider pursuant to Article 16 - Termination Clause. To terminate this Agreement, the Department shall provide written notice, specifying the breach or deficiency with sufficient information to allow Provider to identify the actions necessary to cure such breach. The parties shall mutually agree upon a reasonable amount of time to cure and shall establish a termination date, which shall not exceed 90 days from the written notice date. Provider may prevent the termination of this Agreement pursuant to this Paragraph by curing any material breach prior to termination of this Agreement.

ARTICLE 4 – CRRP PROVIDER RESPONSIBILITIES

By entering into this Agreement, the Provider agrees and/or makes assurance that:

- A. Final plans for the Project have been submitted by the Provider to the Office of Statewide Health Planning and Development and the Office of State Architect between July 1, 1989, and June 30, 1994, or as otherwise permitted by Welfare and Institutions Code sections 14085.5 through 14085.56.
- B. The Project has been funded through the issuance or reissuance of a revenue bond.
- C. The Project, or portions thereof, constructed or improved with the CRRP funds provided hereunder is available to Medi-Cal beneficiaries to the extent required by Welfare and Institutions Code section 14085.5, subdivision (b), paragraph (3).
- D. The Project, or portions thereof, receiving partial financing under Welfare and Institutions Code section 14085.5 did upon its completion, upgrade or expand the Provider's buildings or fixed equipment to a level required by then-currently accepted medical practice standards, including but not limited to Joint Commission on Accreditation of Healthcare Organizations, fire and life safety, seismic, or other related regulatory standards, or expanded service capacity to maintain then-current or reasonably foreseeable needed bed capacity for Medi-Cal beneficiaries.

- E. It will comply, to the extent applicable to the subject matter and terms of this Agreement, with Title XIX of the Social Security Act, as periodically amended; Titles 42 and 45 of the Code of Federal Regulations (CFR), as periodically amended; the California Medicaid State Plan, as periodically amended; Chapter 7 (commencing with Section 14000) of the California Welfare and Institutions (W&I) Code, as periodically amended; Division 3 of Title 22 of the California Code of Regulations (CCR) (commencing with Section 50000), as periodically amended; State issued policy directives, including Policy and Procedure Letters, as periodically amended; and federal Office of Management and Budget (OMB) Circular A-87, as periodically amended.
- F. It will comply with the following Debt Service Expense Allowability and Fiscal Documentation requirements:
- 1) For any fiscal year for which Provider is eligible to receive reimbursement, Provider shall report to the Department on a semi-annual basis the amount of debt service on the revenue bonds issued to finance the Project.
 - 2) A Provider claim form that is timely submitted for payment or accepted by the State shall not be deemed evidence of allowable Agreement payments.
 - 3) Provider shall maintain for review or audit, and supply to the State upon request, auditable documentation of all debt service amounts claimed pursuant to this Agreement to permit a determination of supplemental reimbursement.
 - 4) If the allowability or appropriateness of a supplemental reimbursement under this Agreement cannot be determined by the State because applicable invoice detail, fiscal records, or backup documentation is nonexistent or inadequate, payment may be withheld by the State. Upon receipt of adequate supporting documentation supporting the validity of the claimed debt service expense, the withheld supplemental reimbursements will be paid.
- G. It will retain all necessary records pertaining to the bond for the life of the bond plus three (3) years thereafter. If a CRRP audit is in progress, all records relevant to the audit shall be retained until the completion of the audit or the final resolution of all audit exceptions, deferrals, and/or disallowances. The Provider shall furnish said records and any other relevant information, upon request, to the State and to the federal government.
- H. It will be responsible for the acts or omissions of its employees and/or subcontractors, to the extent such are relevant to performance under this Agreement.

ARTICLE 5 – STATE RESPONSIBILITIES

By entering into this Agreement, the State agrees and/or makes assurance that:

- A. In reliance upon the Provider's assurance, and where the Project (or portion thereof) meets all of the conditions set forth in Welfare and Institutions Code sections 14085.5 through 14085.56, as applicable, and California Code of Regulations, title 22, section 57030, and where the Provider has obtained a certificate of occupancy or similar document(s) from the appropriate regulatory agency permitting the Provider to render patient care or related services by means of the Project, the State will make payments of the supplemental reimbursement in the amounts and in the manner described below.
- B. For any year for which the Provider is eligible to receive reimbursement, the State shall reimburse to the Provider the product of the following figures:
- 1) The total amount of Debt service on any revenue bonds issued, or subsequently refinanced, which continue to meet CRRP requirements, to finance the eligible Project; and,
 - 2) The CRRP Medicaid utilization rate (MUR). The CRRP MUR is determined by first calculating the ratio of Provider's total paid acute Medi-Cal patient days to total patient days, which is determined by the data used in Section 4112 of the Omnibus Budget Reconciliation Act of 1987, consistent with Welfare and Institutions Code section 14085.5, subdivision (c), paragraph (2). This data is further refined by extracting mental health and administrative days, resulting in the CRRP MUR.
- C. In no instance (where Provider is otherwise eligible), will the percentage figure determined pursuant to the ratio derived under subparagraph 2) of paragraph B. above be decreased prior to retirement of the debt by more than 10 percent of the accurate initial ratio derived under subparagraph 2) of paragraph B, except that if such percentage figure falls below 90 percent of the accurate initial percentage established at the point of final plan submission, the Provider shall at least maintain the volume of Medi-Cal days that were recorded in the calendar year during which the Provider submitted final plans for the Project to the applicable regulatory agency unless forces beyond Provider's control have decreased the total volume of days of care being provided.
- D. In no instance will the total reimbursement received hereby, when combined with all other reimbursement dedicated exclusively to debt service for the Project, exceed 100 percent of the debt service over the life of the debt.
- E. The State assures that it will not limit or alter the rights of the Provider to receive the supplemental reimbursement described herein until the revenue bond or bonds are fully paid or until the supplemental reimbursement is no longer required by law.

F. The date final plans for the respective components of the eligible project were submitted to the Office of Statewide Health Planning and Development, and the Provider's Medi-Cal initial ratio at the date of final plan submission, are as follows:

- 1) For the component described in subparagraph 1) of paragraph A of Article 2, the date final plans were submitted was June 29, 1994, and the Medi-Cal initial ratio is 49.67 percent.

G. The supplemental reimbursement under this Agreement shall be payable in addition to any other amounts paid or payable to the Provider for Medi-Cal services. The total amount of supplemental reimbursement under this Agreement will be paid to the Provider in the following manner.

- 1) Supplemental reimbursement payments shall commence no later than 30 days after the Department receives a certificate of occupancy or similar document from the Provider.
- 2) The State will disburse the supplemental reimbursement to the Provider no sooner than fifteen (15) days prior to the date a debt service payment is due to the bondholders. The State shall use its best efforts to disburse the supplemental reimbursement no later than the date such debt service payment is due to the bondholders.
- 3) Annually, the State will adjust the interim reimbursement amounts as Medi-Cal final utilization rate data become available to reflect the changing Medi-Cal utilization rate.
- 4) Where the Provider contracts with a county organized health system or other Medi-Cal managed care health plan, the State will make the supplemental reimbursement payments directly to the Provider.
- 5) The State will continue making the supplemental reimbursement in the amount calculated and in the manner described above until the qualifying debt is paid off. The parties recognize that continuing payments are to be made under any successor system, pursuant to Welfare and Institutions Code section 14085.5, subdivision (e).
- 6) Absent any material breach by the Provider, the State will not terminate the Agreement solely for the purpose of terminating the supplemental reimbursement to be paid pursuant to this Agreement hereto.
- 7) In the event any portion of debt service is attributable to Project costs that are determined not to be allowable under Title XIX of the federal Social Security Act, the federal portion only of such costs may be excluded from the supplemental reimbursement that the State is obligated to pay to the Provider hereunder.

- 8) Welfare and Institutions Code section 14085.5, subdivision (c), paragraphs (1) to (4), are hereby incorporated by reference into this Agreement, as may be modified pursuant to Welfare and Institutions Code section 14085.5, subdivision (e). Should any provision of this Agreement be inconsistent with the provisions that are incorporated by reference pursuant to this paragraph, the statutory provisions that are incorporated by reference shall control.
- H. The State will lead the administration of the CRRP and ensure compliance with the provisions set forth in the California Medicaid State Plan.
- I. The State will submit claims for federal financial participation (FFP) for the CRRP payments under this Agreement to the extent they are allowable expenditures under federal law.
- J. On an annual basis, the State will submit any necessary materials to the federal government to provide assurances that its claims for FFP for the CRRP payments will include only those expenditures for supplemental reimbursement that are allowable under federal law.
- K. The State will reconcile Provider interim supplemental reimbursement payments with the final amount determined to be due to the Provider, subject to the final reconciliation performed upon retirement of the bond. Provider overpayments and underpayments resulting from the reconciliation may be applied as an offset or increase to the next claim payment.
- L. The State will conduct an on-site audit periodically and when the Provider's bond is paid in full and perform the settlement process as necessary.
- M. The State will ensure that an appropriate audit trail exists within Provider records and accounting system and maintain debt service expenditure, Medi-Cal services, and other relevant data as indicated in this Agreement.
- N. The State will designate a person to act as liaison with Provider in regard to issues concerning this Agreement. This person shall be identified to Provider's contact person for this Agreement.
- O. The State will provide a written response by email or mail to Provider's contact person within thirty (30) days of receiving a written request for information related to the CRRP.

ARTICLE 6 --PROJECT REPRESENTATIVES

- A. The project representatives during the term of this Agreement will be:

Department of Health Care Services Safety Net Financing Division Medi-Cal Supplemental Payments Section Telephone: (916) 552-9113 Fax: (916) 552-8651 Email: CRRP@dhcs.ca.gov	Provider: LAC / USC Medical Center Name: Thomas Jewik, Chief Telephone: (213) 240-8151 Fax: Email: T.Jewik@dhs.lacounty.gov
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B. Direct all inquiries to:

Department of Health Care Services Attention: Safety Net Financing Division CRRP Supplemental Reimbursement Program Address: 1501 Capitol Avenue, MS 4504 P O. Box 997436 Sacramento, CA 95899-7436 Telephone: (916) 552-9113 Fax: (916) 552-8651 Email: CRRP@dhcs.ca.gov	Provider: LAC / USC Medical Center Telephone: (213) 240-8151 Fax: Email: T.Jewik@dhs.lacounty.gov
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- C. Either party may make changes to the information above by giving written notice to the other party. Said changes shall not require an amendment to this Agreement.**

ARTICLE 7 – GENERAL PROVISIONS

- A. The total Medi-Cal reimbursement payments provided to eligible CRRP providers will not exceed applicable federal upper payment limit as described in 42 C.F.R. 447- Payments for Services.**
- B. No covenant, condition, duty, obligation, or undertaking made a part of this Agreement shall be waived except by amendment of the Agreement by the parties hereto, and forbearance or indulgence in any other form or manner by either party in any regard whatsoever shall not constitute a waiver of the covenant, condition, duty, obligation, or undertaking to be kept, performed, or discharged by the party to which the same may apply; and, until performance or satisfaction of all covenants, duties, obligations, or undertakings is complete, the other party shall have the right to invoke any remedy available under this Agreement, or under law, notwithstanding such forbearance or indulgence.**
- C. None of the provisions of this Agreement are or shall be construed as for the benefit of, or enforceable by, any person not a party to this Agreement.**
- D. This Agreement shall not alter or amend any of the pledges made by the State pursuant to Welfare and Institutions Code section 14085.5, subdivision (b), paragraph (5).**
- E. None of the provisions of this Agreement are or shall be construed in conflict with the provisions of Welfare and Institutions Code sections 14085.5 – 14085.56.**

ARTICLE 8 – AMENDMENT PROCESS

Should either party, during the term of this Agreement, desire a change or amendment to the terms of this Agreement, such changes or amendments shall be proposed in writing to the other party, who will respond in writing as to whether the proposed amendments are accepted or rejected. If accepted and after negotiations are concluded, the agreed upon changes shall be made through a process that is mutually agreeable to both the State and the Provider. No amendment will be considered binding on either party until it is approved in writing by both parties. Replacing the Project Representative does not require an amendment to this agreement and may be updated with written notice sent to the other party. Written notice may include email.

ARTICLE 9 – AVOIDANCE OF CONFLICTS OF INTEREST BY THE PROVIDER

Provider is subject to the Medi-Cal Conflict of Interest Law, as applicable and set forth in Welfare and Institutions Code section 14022 and Article 1.1 (commencing with section 14030), and implemented pursuant to California Code of Regulations, title 22, section 51466.

ARTICLE 10 – FISCAL PROVISIONS

Supplemental reimbursement under this Agreement shall be made in the following manner:

- A. Upon the Provider's compliance with all applicable provisions pursuant to Welfare and Institutions Code sections 14085.5 through 14085.56 and this Agreement, and upon Provider's timely submission of a claim based on valid and substantiated information, the State agrees to process the claim for supplemental reimbursement.
- B. Provider's claim, or any portion thereof, otherwise eligible for payment that is submitted more than 18 months after the claim becomes eligible for payment shall not be considered timely submitted to the Department and will not be processed for payment.

ARTICLE 11 – RECOVERY OF OVERPAYMENTS

- A. Provider agrees that when it is established upon audit that an overpayment has been made, the Department shall recover such overpayment in accordance with California Code of Regulations, title 22, section 51047.
- B. Annual interim payment reconciliations performed by the Department may result in a finding that an overpayment was made to the Provider. The Department reserves the right to select the method to be employed for the recovery of such overpayment.

ARTICLE 12 – DISPUTES

- A. An informal dispute resolution process shall be undertaken prior to the dispute resolution processes undertaken pursuant to Paragraphs B and C below. In the informal dispute resolution process the Provider shall first address the issue to the Department staff and if not resolved then the Provider shall address the issue to the Department in a written letter. If unresolved then the dispute resolution processes in Paragraphs B and C may be undertaken as appropriate.
- B. Judicial review pursuant to section 1085 of the Code of Civil Procedure shall be available to resolve disputes relating to the terms, performance, or termination of this Agreement, or any act, failure to act, conduct, order, or decision of the Department that violate this Agreement or the provisions of Welfare and Institutions Code sections 14085.5 – 14085.56. Venue for judicial review shall lie only in counties in which the California Attorney General maintains an office.
- C. Paragraph B, above shall not apply to recoupment efforts based on an audit or review of Provider's performance of the terms and conditions in CRRP under this Agreement. These recoupment efforts shall be reviewable pursuant to Welfare and Institutions Code section 14171.
- D. Subject to Paragraph A, nothing in this Agreement shall prevent Provider from pursuing any other administrative and judicial review available to it under law.

ARTICLE 13 – BUDGET CONTINGENCY CLAUSE

- A. It is mutually agreed that if the State Budget Act of the current year and/or any subsequent years covered under this Agreement does not appropriate any funds for CRRP, this Agreement shall be terminated effective July 1 of that fiscal year. After termination, the State shall have no liability to pay any funds whatsoever to Provider for liabilities arising after termination or to furnish any other considerations under this Agreement and Provider shall not be obligated to perform any provisions of this Agreement. Notwithstanding the forgoing, both parties agree that all obligations related to fiscal years prior to the termination shall survive the termination.
- B. If funding for any state fiscal year is reduced by the State Budget Act for purposes of CRRP, the State shall have the option to either cancel this Agreement, with no liability occurring to the State after the effective date of the termination, or offer an agreement amendment to Provider to reflect the reduced amount.
- C. The State shall comply with Welfare and Institutions Code section 14085.5, subdivision (c), paragraph (5).

ARTICLE 14 – LIMITATION OF STATE LIABILITY

- A. Notwithstanding any other provision of this Agreement, the State shall be held harmless from any federal audit disallowance and interest resulting from payments made by the federal Medicaid program for claims pursuant to Welfare and Institutions Code sections 14085.5 through 14085.56, for the disallowed claim, less the amounts already remitted to or recovered by the State for the disallowed claim.
- B. To the extent that a federal audit disallowance and interest results from a claim or claims for which the Provider has received payment, the State shall recoup from the Provider, upon written notice, amounts equal to the amount of the disallowance and interest in that fiscal year for the disallowed claim. All subsequent claims submitted to the State applicable to any previously disallowed claim, may be held in abeyance, with no payment made, until the federal disallowance issue is resolved.
- C. Nothing in this Article is or shall be construed to conflict with the State's payment obligations set forth in Welfare and Institutions Code section 14085.5, subdivision (c), paragraph (6), subparagraph (B).

Article 15 – CONFORMANCE CLAUSE

This agreement is entered into in accordance with Welfare and Institutions Code sections 14085.5 to 14085.56. Any provision of this agreement in conflict with the present or future governing authorities of the Welfare and Institutions Code or other applicable State or federal law and regulations, including but not limited to Title XIX of the Social Security Act, California's Medicaid State Plan and implementation directives promulgated by the Centers for Medicare & Medicaid Services, is hereby amended to conform to those authorities. Such amended provisions supersede any conflicting provision in this contract.

Article 16 – TERMINATION CLAUSE

This Agreement may be terminated by any party upon written notice given at least thirty (30) calendar days prior to the termination date. Notice shall be addressed to the respective parties as identified in Article 6 of this Agreement. Termination shall be made in compliance with the obligations contained within Welfare and Institutions Code sections 14085.5 to 14085.56.

Article 17 – CONTROLLING LAW

The validity of this Agreement and its terms or provisions, as well as the rights and duties of the parties hereunder, the interpretation and performance of this Agreement shall be governed by the laws of the State of California.

Article 18 – INTEGRATION CLAUSE

This Agreement shall constitute the entire agreement among the parties to it regarding supplemental reimbursement for the Project for the term commencing July 1, 2013, and supersedes any prior or contemporaneous understanding or agreement pertaining to such matters, and may be amended only by a written amendment executed by both parties to this Agreement. Any condition, provision, agreement or understanding not stated in this Agreement shall not affect any rights, duties, or privileges in connection with this Agreement.

ARTICLE 19 – AGREEMENT EXECUTION

The undersigned hereby warrants that s/he has the requisite authority to enter into this Agreement on behalf of Los Angeles County / University of Southern California (LAC/USC) Medical Center and thereby bind the above named provider to the terms and conditions of the same.

Provider Authorized Representative's Signature

Print Name

Title

Address

Date

Department of Health Care Services
Authorized Representative's Signature

Stacy Fox
Print Name

Chief, Medi-Cal Supplemental Payments Section
Title

Department of Health Care Services
Name of Department

1501 Capitol Ave., MS 4504
Sacramento, CA 95899

Address

Date

**MEDI-CAL CONSTRUCTION RENOVATION REIMBURSEMENT PROGRAM (CRRP)
SUPPLEMENTAL REIMBURSEMENT PROGRAM
PROVIDER PARTICIPATION AGREEMENT**

Name of Provider: Rancho Los Amigos National Rehabilitation Center

Provider # 1275540171

ARTICLE 1 – STATEMENT OF INTENT

The purpose of this Agreement is to allow continued participation in the Construction Renovation Reimbursement Program (CRRP) by the provider, named above and hereinafter referred to as Provider, subject to Provider's compliance with the responsibilities set forth in this Agreement with the California Department of Health Care Services, hereinafter referred to as the State or Department, as authorized in State law pursuant to sections 14085.5 through 14085.56 and Section 14165 of the California Welfare and Institutions Code.

ARTICLE 2 – DEFINITIONS

For purposes of this Agreement, the following definitions shall apply:

- A. "RLANRC Project" means, collectively, the capital expenditures composed of the following components:
- 1) The 150 Bed Inpatient Care Unit A, as described in detail in documents dated July 27, 1992, and in the State Department of Health Care Services response dated March 11, 1993.
 - 2) The Facility Operations/Parking Structure, as described in detail in documents dated July 27, 1992, and in the State Department of Health Care Services response dated March 11, 1993.
 - 3) The Master Plan (Site Utility), as described in detail in documents dated July 27, 1992, and in the State Department of Health Care Services response dated March 11, 1993.
- B. "Debt service" means the payment of matured interest and principal, or the outlay needed, supplied, or accrued for meeting such payments during any given accounting period.
- C. "Revenue bond" as defined in Government Code section 15459, subdivision (b) means any bonds, warrants, notes, leases or installment sale obligations evidenced by certificates of participation, or other evidence of indebtedness issued by a local agency payable from funds other than the proceeds of ad valorem taxes or the

proceeds of assessments levied without limitation as to rate or amount by the local agency upon property in the local agency.

- D. "Supplemental reimbursement" means the Medi-Cal supplemental payments for debt service expenses under the CRRP, as described and provided for pursuant to Supplement 3 to Attachment 4.19-A of the Medi-Cal State Plan (added by TN 13-011).
- E. The term "days" as used in this Agreement shall mean calendar days unless specified otherwise.

ARTICLE 3 – TERM OF AGREEMENT

- A. This Agreement begins on July 1, 2013, and stays in effect until this Agreement is terminated; Department's payment reimbursement obligations are fulfilled; Provider ceases to be a Medi-Cal Certified provider; or the CRRP ends pursuant to the repeal of State or federal statutory authority to make payments or claim federal reimbursement.
- B. Failure by Provider to comply with Provider's responsibilities under Article 4 shall constitute a material breach of this Agreement, which may result in termination of the Agreement by Provider pursuant to Article 16 - Termination Clause. To terminate this Agreement, the Department shall provide written notice, specifying the breach or deficiency with sufficient information to allow Provider to identify the actions necessary to cure such breach. The parties shall mutually agree upon a reasonable amount of time to cure and shall establish a termination date, which shall not exceed 90 days from the written notice date. Provider may prevent the termination of this Agreement pursuant to this Paragraph by curing any material breach prior to termination of this Agreement.

ARTICLE 4 – CRRP PROVIDER RESPONSIBILITIES

By entering into this Agreement, the Provider agrees and/or makes assurance that:

- A. Final plans for the Project have been submitted by the Provider to the Office of Statewide Health Planning and Development and the Office of State Architect between July 1, 1989, and June 30, 1994, or as otherwise permitted by Welfare and Institutions Code sections 14085.5 through 14085.56.
- B. The Project has been funded through the issuance or reissuance of a revenue bond.
- C. The Project, or portions thereof, constructed or improved with the CRRP funds provided hereunder is available to Medi-Cal beneficiaries to the extent required by Welfare and Institutions Code section 14085.5, subdivision (b), paragraph (3).
- D. The Project, or portions thereof, receiving partial financing under Welfare and Institutions Code section 14085.5 did upon its completion, upgrade or expand the

Provider's buildings or fixed equipment to a level required by then-currently accepted medical practice standards, including but not limited to Joint Commission on Accreditation of Healthcare Organizations, fire and life safety, seismic, or other related regulatory standards, or expanded service capacity to maintain then-current or reasonably foreseeable needed bed capacity for Medi-Cal beneficiaries.

- E. It will comply, to the extent applicable to the subject matter and terms of this Agreement, with Title XIX of the Social Security Act, as periodically amended; Titles 42 and 45 of the Code of Federal Regulations (CFR), as periodically amended; the California Medicaid State Plan, as periodically amended; Chapter 7 (commencing with Section 14000) of the California Welfare and Institutions (W&I) Code, as periodically amended; Division 3 of Title 22 of the California Code of Regulations (CCR) (commencing with Section 50000), as periodically amended; State issued policy directives, including Policy and Procedure Letters, as periodically amended; and federal Office of Management and Budget (OMB) Circular A-87, as periodically amended.
- F. It will comply with the following Debt Service Expense Allowability and Fiscal Documentation requirements:
 - 1) For any fiscal year for which Provider is eligible to receive reimbursement, Provider shall report to the Department on a semi-annual basis the amount of debt service on the revenue bonds issued to finance the Project.
 - 2) A Provider claim form that is timely submitted for payment or accepted by the State shall not be deemed evidence of allowable Agreement payments.
 - 3) Provider shall maintain for review or audit, and supply to the State upon request, auditable documentation of all debt service amounts claimed pursuant to this Agreement to permit a determination of supplemental reimbursement.
 - 4) If the allowability or appropriateness of a supplemental reimbursement under this Agreement cannot be determined by the State because applicable invoice detail, fiscal records, or backup documentation is nonexistent or inadequate, payment may be withheld by the State. Upon receipt of adequate supporting documentation supporting the validity of the claimed debt service expense, the withheld supplemental reimbursements will be paid.
- G. It will retain all necessary records pertaining to the bond for the life of the bond plus three (3) years thereafter. If a CRRP audit is in progress, all records relevant to the audit shall be retained until the completion of the audit or the final resolution of all audit exceptions, deferrals, and/or disallowances. The Provider shall furnish said records and any other relevant information, upon request, to the State and to the federal government.

- H. It will be responsible for the acts or omissions of its employees and/or subcontractors, to the extent such are relevant to performance under this Agreement.

ARTICLE 5 – STATE RESPONSIBILITIES

By entering into this Agreement, the State agrees and/or makes assurance that:

- A. In reliance upon the Provider's assurance, and where the Project (or portion thereof) meets all of the conditions set forth in Welfare and Institutions Code sections 14085.5 through 14085.56, as applicable, and California Code of Regulations, title 22, section 57030, and where the Provider has obtained a certificate of occupancy or similar document(s) from the appropriate regulatory agency permitting the Provider to render patient care or related services by means of the Project, the State will make payments of the supplemental reimbursement in the amounts and in the manner described below.
- B. For any year for which the Provider is eligible to receive reimbursement, the State shall reimburse to the Provider the product of the following figures:
- 1) The total amount of Debt service on any revenue bonds issued, or subsequently refinanced, which continue to meet CRRP requirements, to finance the eligible Project; and,
 - 2) The CRRP Medicaid utilization rate (MUR). The CRRP MUR is determined by first calculating the ratio of Provider's total paid acute Medi-Cal patient days to total patient days, which is determined by the data used in Section 4112 of the Omnibus Budget Reconciliation Act of 1987, consistent with Welfare and Institutions Code section 14085.5, subdivision (c), paragraph (2). This data is further refined by extracting mental health and administrative days, resulting in the CRRP MUR.
- C. In no instance (where Provider is otherwise eligible), will the percentage figure determined pursuant to the ratio derived under subparagraph 2) of paragraph B. above be decreased prior to retirement of the debt by more than 10 percent of the accurate initial ratio derived under subparagraph 2) of paragraph B, except that if such percentage figure falls below 90 percent of the accurate initial percentage established at the point of final plan submission, the Provider shall at least maintain the volume of Medi-Cal days that were recorded in the calendar year during which the Provider submitted final plans for the Project to the applicable regulatory agency unless forces beyond Provider's control have decreased the total volume of days of care being provided.
- D. In no instance will the total reimbursement received hereby, when combined with all other reimbursement dedicated exclusively to debt service for the Project, exceed 100 percent of the debt service over the life of the debt.

- E. The State assures that it will not limit or alter the rights of the Provider to receive the supplemental reimbursement described herein until the revenue bond or bonds are fully paid or until the supplemental reimbursement is no longer required by law.
- F. The date final plans for the respective components of the eligible project were submitted to the Office of Statewide Health Planning and Development, and the Provider's Medi-Cal initial ratio at the date of final plan submission, are as follows:
- 1) For the component described in subparagraph 1) of paragraph A of Article 2, the date final plans were submitted was April 5, 1991, and the Medi-Cal initial ratio is 51.62 percent.
 - 2) For the component described in subparagraph 1) of paragraph A of Article 2, the date final plans were submitted was August 13, 1992, and the Medi-Cal initial ratio is 51.62 percent.
 - 3) For the component described in subparagraph 1) of paragraph A of Article 2, the date final plans were submitted was June 29, 1993 and the Medi-Cal initial ratio is 51.62 percent.
- G. The supplemental reimbursement under this Agreement shall be payable in addition to any other amounts paid or payable to the Provider for Medi-Cal services. The total amount of supplemental reimbursement under this Agreement will be paid to the Provider in the following manner.
- 1) Supplemental reimbursement payments shall commence no later than 30 days after the Department receives a certificate of occupancy or similar document from the Provider.
 - 2) The State will disburse the supplemental reimbursement to the Provider no sooner than fifteen (15) days prior to the date a debt service payment is due to the bondholders. The State shall use its best efforts to disburse the supplemental reimbursement no later than the date such debt service payment is due to the bondholders.
 - 3) Annually, the State will adjust the interim reimbursement amounts as Medi-Cal final utilization rate data become available to reflect the changing Medi-Cal utilization rate.
 - 4) Where the Provider contracts with a county organized health system or other Medi-Cal managed care health plan, the State will make the supplemental reimbursement payments directly to the Provider.
 - 5) The State will continue making the supplemental reimbursement in the amount calculated and in the manner described above until the qualifying debt is paid off.

The parties recognize that continuing payments are to be made under any successor system, pursuant to Welfare and Institutions Code section 14085.5, subdivision (e).

- 6) Absent any material breach by the Provider, the State will not terminate the Agreement solely for the purpose of terminating the supplemental reimbursement to be paid pursuant to this Agreement hereto.
 - 7) In the event any portion of debt service is attributable to Project costs that are determined not to be allowable under Title XIX of the federal Social Security Act, the federal portion only of such costs may be excluded from the supplemental reimbursement that the State is obligated to pay to the Provider hereunder.
 - 8) Welfare and Institutions Code section 14085.5, subdivision (c), paragraphs (1) to (4), are hereby incorporated by reference into this Agreement, as may be modified pursuant to Welfare and Institutions Code section 14085.5, subdivision (e). Should any provision of this Agreement be inconsistent with the provisions that are incorporated by reference pursuant to this paragraph, the statutory provisions that are incorporated by reference shall control.
- H. The State will lead the administration of the CRRP and ensure compliance with the provisions set forth in the California Medicaid State Plan.
- I. The State will submit claims for federal financial participation (FFP) for the CRRP payments under this Agreement to the extent they are allowable expenditures under federal law.
- J. On an annual basis, the State will submit any necessary materials to the federal government to provide assurances that its claims for FFP for the CRRP payments will include only those expenditures for supplemental reimbursement that are allowable under federal law.
- K. The State will reconcile Provider interim supplemental reimbursement payments with the final amount determined to be due to the Provider, subject to the final reconciliation performed upon retirement of the bond. Provider overpayments and underpayments resulting from the reconciliation may be applied as an offset or increase to the next claim payment.
- L. The State will conduct an on-site audit periodically and when the Provider's bond is paid in full and perform the settlement process as necessary.
- M. The State will ensure that an appropriate audit trail exists within Provider records and accounting system and maintain debt service expenditure, Medi-Cal services, and other relevant data as indicated in this Agreement.

- N The State will designate a person to act as liaison with Provider in regard to issues concerning this Agreement. This person shall be identified to Provider's contact person for this Agreement.
- O The State will provide a written response by email or mail to Provider's contact person within thirty (30) days of receiving a written request for information related to the CRRP.

ARTICLE 6 –PROJECT REPRESENTATIVES

- A. The project representatives during the term of this Agreement will be:

Department of Health Care Services Safety Net Financing Division Medi-Cal Supplemental Payments Section Telephone: (916) 552-9113 Fax: (916) 552-8651 Email: CRRP@dhcs.ca.gov	Provider: Rancho Los Amigos National Rehabilitation Center Name: Thomas Jewik, Chief Telephone: (213) 240-8151 Fax: Email: TJewik@dhs.lacounty.us
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- B. Direct all inquiries to:

Department of Health Care Services Attention: Safety Net Financing Division CRRP Supplemental Reimbursement Program Address: 1501 Capitol Avenue, MS 4504 P.O. Box 997436 Sacramento, CA 95899-7436 Telephone: (916) 552-9113 Fax: (916) 552-8651 Email: CRRP@dhcs.ca.gov	Provider: Rancho Los Amigos National Rehabilitation Center Telephone: (213) 240-8151 Fax: Email: TJewik@dhs.lacounty.us
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- C. Either party may make changes to the information above by giving written notice to the other party. Said changes shall not require an amendment to this Agreement.

ARTICLE 7 – GENERAL PROVISIONS

- A. The total Medi-Cal reimbursement payments provided to eligible CRRP providers will not exceed applicable federal upper payment limit as described in 42 C.F.R. 447- Payments for Services.
- B. No covenant, condition, duty, obligation, or undertaking made a part of this Agreement shall be waived except by amendment of the Agreement by the parties hereto, and forbearance or indulgence in any other form or manner by either party in any regard whatsoever shall not constitute a waiver of the covenant, condition, duty, obligation, or undertaking to be kept, performed, or discharged by the party to which the same may apply; and, until performance or satisfaction of all covenants, duties, obligations, or undertakings is complete, the other party shall have the right to invoke any remedy available under this Agreement, or under law, notwithstanding such forbearance or indulgence.

- C. None of the provisions of this Agreement are or shall be construed as for the benefit of, or enforceable by, any person not a party to this Agreement.
- D. This Agreement shall not alter or amend any of the pledges made by the State pursuant to Welfare and Institutions Code section 14085.5, subdivision (b), paragraph (5).
- E. None of the provisions of this Agreement are or shall be construed in conflict with the provisions of Welfare and Institutions Code sections 14085.5 – 14085.56.

ARTICLE 8 – AMENDMENT PROCESS

Should either party, during the term of this Agreement, desire a change or amendment to the terms of this Agreement, such changes or amendments shall be proposed in writing to the other party, who will respond in writing as to whether the proposed amendments are accepted or rejected. If accepted and after negotiations are concluded, the agreed upon changes shall be made through a process that is mutually agreeable to both the State and the Provider. No amendment will be considered binding on either party until it is approved in writing by both parties. Replacing the Project Representative does not require an amendment to this agreement and may be updated with written notice sent to the other party. Written notice may include email.

ARTICLE 9 – AVOIDANCE OF CONFLICTS OF INTEREST BY THE PROVIDER

Provider is subject to the Medi-Cal Conflict of Interest Law, as applicable and set forth in Welfare and Institutions Code section 14022 and Article 1.1 (commencing with section 14030), and implemented pursuant to California Code of Regulations, title 22, section 51466.

ARTICLE 10 – FISCAL PROVISIONS

Supplemental reimbursement under this Agreement shall be made in the following manner:

- A. Upon the Provider's compliance with all applicable provisions pursuant to Welfare and Institutions Code sections 14085.5 through 14085.56 and this Agreement, and upon Provider's timely submission of a claim based on valid and substantiated information, the State agrees to process the claim for supplemental reimbursement.
- B. Provider's claim, or any portion thereof, otherwise eligible for payment that is submitted more than 18 months after the claim becomes eligible for payment shall not be considered timely submitted to the Department and will not be processed for payment.

ARTICLE 11 – RECOVERY OF OVERPAYMENTS

- A. Provider agrees that when it is established upon audit that an overpayment has been made, the Department shall recover such overpayment in accordance with California Code of Regulations, title 22, section 51047.
- B. Annual interim payment reconciliations performed by the Department may result in a finding that an overpayment was made to the Provider. The Department reserves the right to select the method to be employed for the recovery of such overpayment.

ARTICLE 12 – DISPUTES

- A. An informal dispute resolution process shall be undertaken prior to the dispute resolution processes undertaken pursuant to Paragraphs B and C below. In the informal dispute resolution process the Provider shall first address the issue to the Department staff and if not resolved then the Provider shall address the issue to the Department in a written letter. If unresolved then the dispute resolution processes in Paragraphs B and C may be undertaken as appropriate.
- B. Judicial review pursuant to section 1085 of the Code of Civil Procedure shall be available to resolve disputes relating to the terms, performance, or termination of this Agreement, or any act, failure to act, conduct, order, or decision of the Department that violate this Agreement or the provisions of Welfare and Institutions Code sections 14085.5 – 14085.56. Venue for judicial review shall lie only in counties in which the California Attorney General maintains an office.
- C. Paragraph B, above shall not apply to recoupment efforts based on an audit or review of Provider's performance of the terms and conditions in CRRP under this Agreement. These recoupment efforts shall be reviewable pursuant to Welfare and Institutions Code section 14171.
- D. Subject to Paragraph A, nothing in this Agreement shall prevent Provider from pursuing any other administrative and judicial review available to it under law.

ARTICLE 13 – BUDGET CONTINGENCY CLAUSE

- A. It is mutually agreed that if the State Budget Act of the current year and/or any subsequent years covered under this Agreement does not appropriate any funds for CRRP, this Agreement shall be terminated effective July 1 of that fiscal year. After termination, the State shall have no liability to pay any funds whatsoever to Provider for liabilities arising after termination or to furnish any other considerations under this Agreement and Provider shall not be obligated to perform any provisions of this Agreement. Notwithstanding the forgoing, both parties agree that all obligations related to fiscal years prior to the termination shall survive the termination.

- B. If funding for any state fiscal year is reduced by the State Budget Act for purposes of CRRP, the State shall have the option to either cancel this Agreement, with no liability occurring to the State after the effective date of the termination, or offer an agreement amendment to Provider to reflect the reduced amount.
- C. The State shall comply with Welfare and Institutions Code section 14085.5, subdivision (c), paragraph (5).

ARTICLE 14 – LIMITATION OF STATE LIABILITY

- A. Notwithstanding any other provision of this Agreement, the State shall be held harmless from any federal audit disallowance and interest resulting from payments made by the federal Medicaid program for claims pursuant to Welfare and Institutions Code sections 14085.5 through 14085.56, for the disallowed claim, less the amounts already remitted to or recovered by the State for the disallowed claim.
- B. To the extent that a federal audit disallowance and interest results from a claim or claims for which the Provider has received payment, the State shall recoup from the Provider, upon written notice, amounts equal to the amount of the disallowance and interest in that fiscal year for the disallowed claim. All subsequent claims submitted to the State applicable to any previously disallowed claim, may be held in abeyance, with no payment made, until the federal disallowance issue is resolved.
- C. Nothing in this Article is or shall be construed to conflict with the State's payment obligations set forth in Welfare and Institutions Code section 14085.5, subdivision (c), paragraph (6), subparagraph (B).

Article 15 – CONFORMANCE CLAUSE

This agreement is entered into in accordance with Welfare and Institutions Code sections 14085.5 to 14085.56. Any provision of this agreement in conflict with the present or future governing authorities of the Welfare and Institutions Code or other applicable State or federal law and regulations, including but not limited to Title XIX of the Social Security Act, California's Medicaid State Plan and implementation directives promulgated by the Centers for Medicare & Medicaid Services, is hereby amended to conform to those authorities. Such amended provisions supersede any conflicting provision in this contract.

Article 16 – TERMINATION CLAUSE

This Agreement may be terminated by any party upon written notice given at least thirty (30) calendar days prior to the termination date. Notice shall be addressed to the respective parties as identified in Article 6 of this Agreement. Termination shall be made in compliance with the obligations contained within Welfare and Institutions Code sections 14085.5 to 14085.56.

Article 17 – CONTROLLING LAW

The validity of this Agreement and its terms or provisions, as well as the rights and duties of the parties hereunder, the interpretation and performance of this Agreement shall be governed by the laws of the State of California.

Article 18 – INTEGRATION CLAUSE

This Agreement shall constitute the entire agreement among the parties to it regarding supplemental reimbursement for the Project for the term commencing July 1, 2013, and supersedes any prior or contemporaneous understanding or agreement pertaining to such matters, and may be amended only by a written amendment executed by both parties to this Agreement. Any condition, provision, agreement or understanding not stated in this Agreement shall not affect any rights, duties, or privileges in connection with this Agreement.

ARTICLE 19 – AGREEMENT EXECUTION

The undersigned hereby warrants that s/he has the requisite authority to enter into this Agreement on behalf of Rancho Los Amigos National Rehabilitation Center and thereby bind the above named provider to the terms and conditions of the same.

Provider Authorized Representative's Signature

Print Name

Title

Address

Date

Department of Health Care Services
Authorized Representative's Signature

Stacy Fox
Print Name

Chief, Medi-Cal Supplemental Payments Section
Title

Department of Health Care Services
Name of Department

1501 Capitol Ave., MS 4504
Sacramento, CA 95899
Address

Date